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SEP 12 2002

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION INDIANA UTILITY
REGULATORY COMMISSION

**IN THE MATTER OF THE PETITION OF INDIANA)
BELL TELEPHONE COMPANY, INCORPORATED,)
D/B/A AMERITECH INDIANA PURSUANT TO)
I.C. 8-1-2-61 FOR A THREE-PHASE PROCESS) CAUSE NO. 41657
FOR COMMISSION REVIEW OF VARIOUS)
SUBMISSIONS OF AMERITECH INDIANA TO)
SHOW COMPLIANCE WITH SECTION 271(C) OF)
THE TELECOMMUNICATIONS ACT OF 1996)**

RESPONSE OF AMERITECH INDIANA TO AUGUST 21, 2002 DOCKET ENTRY

Pursuant to the Commission's docket entry of August 21, 2002 in this Matter, Indiana Bell Telephone Company, Inc. d/b/a Ameritech Indiana ("Ameritech") respectfully submits its responses to the Commission's additional questions, attached hereto.

Respectfully Submitted,

Ameritech Indiana

1. Statistical Methodology / Small Sample Parity Test / Permutation Tests [IL 3.2.2]

“In calculating the difference between the performances, the formulae proposed above apply when a larger CLEC value indicates a higher quality of performance. In cases where a smaller CLEC value indicates a higher quality of performance the order of subtraction should be reversed (i.e., $M_{ILEC} - M_{CLEC}$, $P_{ILEC} - P_{CLEC}$, $R_{ILEC} - R_{CLEC}$).” [IL 3.2.2]

QUESTION 1.a. AMERITECH AND CLECs to ANSWER

The applicability of this paragraph is unclear. There are no subtractions of the type indicated (e.g., $M_{ILEC} - M_{CLEC}$, $P_{ILEC} - P_{CLEC}$, or $R_{ILEC} - R_{CLEC}$) in Steps (1) through (9) in Section 3.2.2 of the July 10 Illinois Plan. If, after review, any party believes the quoted language is, in fact, appropriate for the Indiana Remedy Plan, that party should identify the affected Step(s) [Step (1) through Step (9)] and explain how the subtraction formulas in question would be applied to that Step(s).

SBC AMERITECH RESPONSE: Step 4 of Section 3.2.1 – Permutation Tests states “Compute and store the Z-test score (Z_S) for this sample.” Section 3.1 – Z Test includes several formulas where a calculation of $M_{ILEC} - M_{CLEC}$, $P_{ILEC} - P_{CLEC}$ or $R_{ILEC} - R_{CLEC}$ is made as part of calculating the Z-test score (Z_S). Thus, the Z test calculations identified in Section 3.1 are to be used in Step 4 of the permutation tests, and the language of Section 3.2.2 applies to that step. SBC Ameritech suggests that section 3.2.2 be updated to be exactly the same as Section 3.1.4, so as to clarify the point at which the Z test, and the formulas to which section 3.2.2 apply, come into play.

2. Statistical Support for the IURC Staff [IL 3.2.3]

“Ameritech and CLECs shall provide software and technical support as needed by IURC Staff for purposes of utilizing the permutation analysis. Any CLEC who opts into this plan agrees to share in providing such support to IURC Staff.”

QUESTION 2.a. AMERITECH AND CLECs to ANSWER

Please explain how the costs for providing the software and technical support to IURC staff would be “shared” or allocated between Ameritech and CLECs. Is any party proposing to recover its portion of those costs from ratepayers or customers?

SBC AMERITECH RESPONSE: Section 3.2.3 is not addressing the sharing of costs or recovery of those costs. The intent of the Section is express that the IURC will receive software and technical support from either SBC Ameritech and/or any CLEC who participates in the Plan, whichever is more appropriate in the particular circumstances. Each party would be expected to provide the support requested by

the IURC. The intent of the Section is to give the Commission flexibility to request support from a CLEC should circumstances indicate that the CLEC would be in an equal or better position to provide the support requested for a specific issue.

3. Tier 2 Assessments Paid to the State of Indiana [IL 9.1]

“Assessments payable to the State of Indiana apply to the Tier 2 measures designated in Appendix 1 as High, Medium, or Low when Ameritech and/or its affiliate (whichever is better, provided the affiliate data points exceed 30) performance is out of parity or does not meet the benchmarks for the aggregate of all CLEC data. Specifically, if the Z-test value is greater than the Critical Z, the performance for the reporting category is out of parity or below standard. Assessments will be paid when the aggregate of all CLECs has at least 10 observations.”

QUESTION 3.a. AMERITECH to ANSWER

How was the cut-off point of 10 observations selected? Is this a function of the statistical methodology used in the Texas remedy plan and derivatives of that plan, or does Ameritech believe that there are business or other reasons to set the floor at 10 observations?

SBC AMERITECH RESPONSE:

The minimum of 10 observations is a compromise based on statistical principles. General statistical principles recognize that the validity of a conclusion based on statistics decreases with sample size, particularly when the sample size goes below 30. Further, the intent of Tier 2 is to address measures that affect competition generally, rather than small differences. In the Texas proceedings that served as the basis for the Illinois plan, a compromise was struck to use a minimum of 10 observations as the threshold for reporting Tier 2 performance.

QUESTION 3.b. CLECs to ANSWER

Are there some Tier 2 measures that may generate fewer than 10 observations in the aggregate but that CLECs believe are nonetheless important?

4. Advanced and Nascent Services [IL 12]

“Additional Payments”

- 12.1 In order to ensure parity and benchmark performance where CLECs order low volumes of advanced and nascent services, Ameritech will make additional voluntary payments to the State of Indiana on those measurements listed in section 12.2 below (the “Qualifying Measurements”) [emphasis added]. “Such additional voluntary payments will apply only when there are more than 10 and less than 100 observations for a Qualifying Measurement on average statewide for a three-month period with respect to the following order categories (if within a Qualifying Measurement)” [emphasis added].

AMERITECH to ANSWER

Please answer the following questions regarding the applicability and the interpretation of Section 12.

QUESTION 4.a. Is the preset eligibility criterion (i.e., the range from 11 to 99 observations) calculated cumulatively (on an aggregate basis across all of the order categories described in Section 12.1), or is it calculated separately for each order type?

SBC AMERITECH RESPONSE: The determination of the total number of observations is on a statewide basis for each individual product disaggregations within each performance measurement. For example, if for a given three consecutive month period there were, on average, more than 10 but less than 100 installation trouble reports for DSL Loops – Line Sharing in the entire state of Indiana, and performance failed to meet the parity comparison for each of those three consecutive months, the additional payment would be due the Indiana State Treasury. This payment would be without regard to other product disaggregations within PM #59.

QUESTION 4.b. How was the cut-off point of 10 observations selected? Is this a function of the statistical methodology used in the Illinois remedy plan, or was this set for some other reason?

SBC AMERITECH RESPONSE: As described above, the minimum of 10 observations is a compromise developed during the proceedings that led to the underlying remedy plan first adopted in Texas and subsequently implemented in the SBC Ameritech region.

QUESTION 4.c. Please explain what is meant by the reference to “additional” payments. Are these in addition to Tier 2 assessments? Please provide any further information you believe would help to explain the reference to “additional” payments.

SBC AMERITECH RESPONSE: These voluntary payments are on top of normal Tier 2 assessments, and use the same calculation methodology. The additional voluntary payments are made, as stated in Section 12.1, to better ensure parity and benchmark performance when low volumes of advanced and nascent services are ordered by CLECs. Total payment of the normal Tier 2 assessment plus the additional voluntary payment is intended to be triple what would be paid solely under the Tier 2 assessment calculation methodology.

12.3 “The additional voluntary payments referenced in § 12.1 will be made only if Ameritech fails to provide parity or benchmark service for the above measurements. . .” [emphasis added]

QUESTION 4.d. Section 12.3 appears to limit the applicability of Section 12.1. Please explain the plural reference to “measurements”. Specifically:

QUESTION 4.d.(1) In light of Section 12.3, is Ameritech only required to make the “additional voluntary payments” described in Section 12.1 if it fails to provide parity or benchmark service for all of the Qualifying Measurements? Please explain.

SBC AMERITECH RESPONSE: The additional voluntary payment methodology for advanced and nascent services applies only to the product disaggregations (sub-measurements) and performance measurements listed in Sections 12.1 and 12.2 respectively. Ameritech is required to make the additional voluntary payments for each product listed in Section 12.1, within each performance measurement listed in Section 12.2, should the conditions listed in Section 12.5 be met.

QUESTION 4.d.(2) Alternatively, if Ameritech fails to provide parity or benchmark service for some (but not all) of the Qualifying Measurements, and assuming the other conditions in Section 12 were met, would Ameritech be obligated to make the “additional voluntary payments” described in Section 12.1? Yes or no? Please explain.

SBC AMERITECH RESPONSE: Yes. As stated in the response to QUESTION 4.d.1, the additional voluntary payment methodology for advanced and nascent services applies only to the product disaggregations (sub-measurements) and performance measurements listed in Sections 12.1 and 12.2 respectively. Ameritech is required to make the additional voluntary payments for each product listed in Section 12.1, within each performance measurement listed in Section 12.2, should the conditions listed in Section 12.5 be met.

12.5 If, for the first three months, . . . qualifying measurements or submeasurement, . . . Indiana State Treasury. However, if during . . . (i) . . . qualifying sub-measure on a statewide basis, or (ii) an average . . . for a non-qualifying submeasure within a qualifying measure . . .

QUESTION 4.e. Please identify the specific qualifying submeasures that Ameritech proposes be included in the Indiana Remedy Plan. Is it Ameritech’s intent that the terms “order categories” and “qualifying submeasures” be used interchangeably in the Indiana Remedy Plan? If not, please explain any differences and propose modifications to the redlined language Ameritech proposed on August 2, 2002.

SBC AMERITECH RESPONSE: In SBC Ameritech’s redlined version of the ICC-ordered remedy plan the terms “order categories” and “submeasure” are understood to be synonymous for purposes of Section 12.0. SBC Ameritech intends to apply the advanced and nascent services additional voluntary payment methodology to submeasures in the SBC Ameritech Performance Measurement User Guide that map to the order categories listed in Section 12.1 within the performance measurements listed in Section 12.2 in an Indiana remedy plan should the IURC feel that the advanced and nascent services component of the ICC-ordered remedy plan is necessary. In the current performance measurement six-month review collaborative, SBC Ameritech has proposed moving Section 12.0 to the SBC Ameritech Performance Measurement User Guide, to be applicable to those states with a remedy plan in place, to facilitate future updates to the list of submeasures, or order categories, and performance measurements.

5. Data and Reporting Requirements Document (Attached to April 26, 2002 e-mail from Karl Henry. Re-Transmitted and attached on July 29 e-mail Additional Questions, Tasks, etc.) AMERITECH and CLECs TO ANSWER

QUESTION 5. There has been a great deal of discussion regarding data retention policies, procedures, documentation, etc., for performance measures. Please comment on data retention policies, procedures, documentation, etc., for the associated penalties (penalties, remedies, liquidated damages, assessments, etc., etc.)

QUESTION 5.a. Is there a single, uniform storage or retention policy that can be applied to all types of penalty data, algorithms, calculations, results, and reports In other words, should all types of penalty data, algorithms, calculations, results, and reports be stored for the same length of time? What differences exist either between or within these categories (data, algorithms, calculations, results, and reports) that would affect the storage and retention policies or durations? Should the storage and retention durations be the same for penalty data, algorithms, calculations, results, and reports be the same as for the data, algorithms, calculations, results, and reports for the performance measures, themselves?

SBC AMERITECH RESPONSE: SBC Ameritech is committed to retaining all data and calculation algorithms required to support auditing and CLEC reconciliation of liquidated damages and assessment remedy payments for a period of three years from the date of payment.

QUESTION 5.b. Is it necessary to be able to support tracking of payments to individual CLEC accounts (e.g., affiliates or subsidiaries)?

SBC AMERITECH RESPONSE: SBC Ameritech tracks all payments (including the detail of the payments) to individual CLECs and retains this data for 3 years from payment. In addition, a report is posted on the CLEC website for each CLEC listing the payments made to that CLEC by month by PM. This would also apply to a remedy plan implemented in Indiana.

QUESTION 5.b.(1) If payments are made by check, what is the appropriate CLEC identification code to support this level of tracking?

SBC AMERITECH RESPONSE: In order to make any payment via check, including remedies, SBC Ameritech requires payee information such as CLEC payee name (several have numerous names), mailing address, CLEC Federal Tax ID number (for creation of 1099's at end of year, when required). This helps avoid potential confusion as to who should receive a check. SBC Ameritech's accounts payable system tracks payees by a vendor code. It is cross-referenced by payee name, mailing address and tax id. The payment detail supporting the check amount is maintained in the same manner as with bill credits.

QUESTION 5.b.(2) If payments are made by bill credit, what is the appropriate CLEC identification code to support this level of tracking? ACNA? CIC? OCN? BAN? Other?

SBC AMERITECH RESPONSE: The CLEC identification code for bill credit is CLEC Name, CLEC ID, ACNA and BAN for credits applied to the bills created out of the CABS billing system. For bill credits through the RBS billing system, Customer ID and CLEC name are used. A CLEC can have multiple CABS accounts, which requires the additional designation of a BAN, while the RBS system has a single invoice per state per CLEC.